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# GAIN Report

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## Sweden

## Wine

### Corruption Scandal at Sweden's Alcohol Monopoly, Systembolaget, Escalates

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**Report Highlights:**

A scandal involving alleged bribery of store managers and other employees at Sweden's state-owned alcohol retail monopoly, Systembolaget, has brought the company into a crisis. The employees of Systembolaget are suspected of accepting expensive gifts from suppliers in return for promoting their products.

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Almost 90 employees, mostly store managers, at Sweden's state-owned alcohol retail monopoly, Systembolaget are suspected of accepting bribes from suppliers pushing sales of certain brands. What started in the beginning of the year with a handful of store managers and a couple of suppliers being suspected of accepting bribes, has in the past few weeks escalated to what local press has described as "the most extensive corruption scandal in Swedish history" in terms of the number of people involved. This week, the scandal widened further with the suspension of a board member and two head office employees.

According to Swedish media reports, store managers have been awarded incentives, including luxury trips and other goods, in return for placing products at eye-level on store shelves and ordering wine and spirits not demanded by customers.

Anitra Steen, head of Systembolaget, is fighting to save the company's traditionally unsullied reputation and, in a recent press conference, strongly denied recent accusations that Systembolaget has been trying to keep a lid on the corruption scandal. Steen herself is considered vulnerable because management, which she has headed since 1999, has tolerated the practice for years. Consequently, on November 18, the Committee on Industry and Trade questioned Systembolaget's chairman, Olof Johansson, and Foreign Trade Minister Leif Pagrotsky on why it was possible that the bribery problem could have existed for so long and could have involved so many members of the monopoly's staff. Thus far, Systembolaget's own investigations have stopped at the store manager level. Now, however, it is evident that there is demand that accountability to the public be addressed at higher levels. Reportedly, at the same time, three head office executives accused of accepting international trips paid for by suppliers, were suspended from Systembolaget. During a five hour long meeting on November 19, Systembolaget's board members decided that all managers at Systembolaget will be reviewed. The decision was made after it became known that the scandal extended to the headquarters level.

Analysts now question whether the scandal could bring down the monopoly, recalling that the European Union had granted Sweden an exemption to let it retain its government-owned retail monopoly. Also, a recent tax reduction on alcohol in Denmark and Finland's planned tax reduction in March 2004, have raised questions about the future of the Swedish monopoly. Swedish decision-makers fear that the number of Swedes crossing borders to Denmark and Finland to buy cheaper alcohol will increase. Should retail sales by private sector companies be allowed, it is anticipated that the possibility of introducing new-to-market wines and spirits into Sweden's retail market would be much enhanced.